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**AGRESERVES LIMITED**

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**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2001**



**AGRESERVES LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

J W Creer  
K F Keeler  
T G Rueckert (resigned 23/08/02)  
C R Jolliffe  
A K Broadway  
C O Jones (appointed 19/02/02)

**SECRETARY (JOINT)**

C O Jones and P J Wheeler

**COMPANY NUMBER**

2947030

**REGISTERED OFFICE**

Manor Farm  
Woodwalton  
Huntingdon  
Cambridgeshire  
PE17 5YU

**AUDITORS**

Martin & Acock  
Chartered Accountants & Registered Auditors  
2 The Close  
Norwich  
Norfolk  
NR1 4DJ

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**DIRECTORS' REPORT**  
For the year ended 31 December 2001

The directors present their report and the financial statements for the year ended 31 December 2001.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company's principal activity continues to be that of arable and livestock farming.

The company continued to operate a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings which are maintained to a high standard.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve economic rewards gained from the continued operating success, and are confident that previous levels of profitability can be attained.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £- (2000 - £nil) .

**DIRECTORS**

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/01</u>	<u>1/1/01</u>
J W Creer	-	-
K F Keeler	-	-
T G Rueckert (resigned 23/08/02)	-	-
C R Jolliffe	-	-
A K Broadway	-	-
C O Jones (appointed 19/02/02)	-	-

AGRESERVES LIMITED

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**DIRECTORS' REPORT**  
For the year ended 31 December 2001

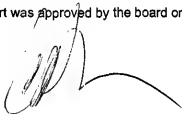
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**AUDITORS**

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 2 October 2002 and signed on its behalf.

Director

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke.

**INDEPENDENT AUDITORS' REPORT TO AGRESERVES LIMITED**  
Under section 247B of the Companies Act 1985

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We have examined the abbreviated accounts of AgReserves Limited for the year ended 31 December 2001 set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 December 2001 prepared under section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**BASIS OF AUDIT OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with those provisions.

*Martin and Acock*

**Martin & Acock**

Chartered Accountants  
Registered Auditors

2 The Close  
Norwich  
Norfolk  
NR1 4DJ

15 October 2002

**AGRESERVES LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2001

	Note	2001 £	2000 £
<b>GROSS PROFIT</b>		<b>1,229,559</b>	<b>1,058,719</b>
Selling and distribution costs		(890,608)	(856,771)
Administrative expenses		(272,886)	(244,890)
<b>OPERATING PROFIT/(LOSS)</b>	<b>2</b>	<b>66,065</b>	<b>(42,942)</b>
Charitable payment		(111,531)	(32,238)
Interest receivable		45,466	75,180
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>-</b>	<b>-</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	<b>12</b>	<b>£ -</b>	<b>£ -</b>

All amounts relate to continuing operations.

The notes on pages 8 to 15 form part of these financial statements.

AGRESERVES LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
For the year ended 31 December 2001

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2001  
£

Prior year adjustment

83,882

TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS

£ 83,882



AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET  
As at 31 December 2001

	Note	£	2001 £	£	2000 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	5		1,139,290		954,430
Investments	6		4,478,774		4,478,774
			<u>5,618,064</u>		<u>5,433,204</u>
<b>CURRENT ASSETS</b>					
Stocks	7	1,453,508		1,231,576	
Debtors	8	959,461		459,695	
Cash at bank and in hand		1,445		433,649	
			<u>2,414,414</u>	<u>2,124,920</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	(1,924,954)		(1,450,600)	
<b>NET CURRENT ASSETS</b>			<u>489,460</u>		<u>674,320</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,107,524</u>		<u>6,107,524</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Deferred taxation	10		(14,439)		(14,439)
<b>NET ASSETS</b>			<u>6,093,085</u>		<u>6,093,085</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		1,000,000		1,000,000
Capital redemption reserve			5,350,000		5,350,000
Profit and loss account	12		(256,915)		(256,915)
<b>SHAREHOLDERS' FUNDS - All Equity</b>	14		<u>6,093,085</u>		<u>6,093,085</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 2 October 2002 and signed on its behalf.



Director

The notes on pages 8 to 15 form part of these financial statements.

**AGRESERVES LIMITED**

**ABBREVIATED CASH FLOW STATEMENT**  
For the year ended 31 December 2001

	Note	2001 £	2000 £
Net cash flow from operating activities	15	(105,946)	248,180
Returns on investments and servicing of finance	16	45,466	75,180
Capital expenditure and financial investment	16	(453,882)	(280,184)
Deed of covenant payable		(111,531)	(32,238)
<b>(DECREASE)/INCREASE IN CASH IN THE PERIOD</b>		<b>£ (625,893)</b>	<b>£ 10,938</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 17)**  
For the year ended 31 December 2001

	2001 £	2000 £
(Decrease)/Increase in cash in the period	(625,893)	10,938
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(625,893)</b>	<b>10,938</b>
Net funds at 1 January 2001	433,649	422,711
<b>NET (DEBT)/FUNDS AT 31 DECEMBER 2001</b>	<b>£ (192,244)</b>	<b>£ 433,649</b>

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2001

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Farm building improvements and drainage	-	straight line over 5 to 20 years
Plant and equipment	-	straight line over 5 to 10 years
Motor vehicles	-	straight line over 3 to 10 years
Fixtures, fittings, tools and equipment	-	straight line over 5 years

**1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

**1.5 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.6 Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.7 Pensions**

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 1998.

**1.8 Area aid income**

Area aid income is recognised in the profit and loss account when the underlying crops are sold. Set aside income is recognised on a receipts basis.

**AGRESERVES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2001

**2. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	229,635	127,510
Auditors' remuneration	7,027	7,775
Operating lease rentals:		
- plant and machinery	2,245	20,645
- other operating leases	296,601	319,610
	<u>296,601</u>	<u>319,610</u>

**3. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2001	2000
	£	£
Wages and salaries	507,242	469,753
Other pension costs	48,331	48,421
	<u>£ 555,573</u>	<u>£ 518,174</u>

The average monthly number of employees, including directors, during the year was as follows:

	2001	2000
Farming	12	12
Office and management	9	8
	<u>21</u>	<u>20</u>

**4. DIRECTORS' REMUNERATION**

	2001	2000
	£	£
Emoluments	£ 61,001	£ 57,374
Company pension contributions to money purchase pension schemes	£ 8,084	£ 7,787

During the year retirement benefits were accruing to 1 director (2000 - 1) in respect of money purchase pension schemes.

NOTES TO THE ABBREVIATED ACCOUNTS  
For the year ended 31 December 2001

5. TANGIBLE FIXED ASSETS

	Buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2001	56,690	1,458,035	119,950	1,634,675
Additions	-	457,637	24,385	482,022
Disposals	-	(99,148)	(32,395)	(131,543)
At 31 December 2001	56,690	1,816,524	111,940	1,985,154
<b>Depreciation</b>				
At 1 January 2001	27,776	562,981	89,488	680,245
Charge for the year	-	210,914	18,721	229,635
On disposals	-	(35,678)	(28,340)	(64,016)
At 31 December 2001	27,776	738,219	79,869	845,864
<b>Net book value</b>				
At 31 December 2001	£ 28,914	£ 1,078,305	£ 32,071	£ 1,139,290
At 31 December 2000	£ 28,914	£ 895,054	£ 30,462	£ 954,430

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings	Listed investments	Total
	£	£	£
<b>Cost</b>			
At 1 January 2001 and 31 December 2001	4,473,598	5,176	4,478,774

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Hallsworth (Farmland Trust) Limited

Farmspeed (Southern Anchor) Limited

The aggregate of the share capital and reserves as at 31 December 2001 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Hallsworth (Farmland Trust) Limited	2,896,458	27,191
Farmspeed (Southern Anchor) Limited	927,892	(321,663)

**Listed investments**

The market value of the listed investments at 31 December 2001 was £14,028 (2000 - £13,328).

**AGRESERVES LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2001

**7. STOCKS**

	2001	2000
	£	£
Cultivations	528,161	352,820
Livestock	119,208	104,916
Crops in store	806,139	687,138
Consumables	-	86,702
	<u>£ 1,453,508</u>	<u>£ 1,231,576</u>

**8. DEBTORS**

	2001	2000
	£	£
<b>Due within one year</b>		
Trade debtors	728,630	71,218
Amounts owed by group undertakings	157,066	301,246
Other debtors	71,800	85,266
Prepayments and accrued income	1,965	1,965
	<u>£ 959,461</u>	<u>£ 459,695</u>

**9. CREDITORS:**  
**Amounts falling due within one year**

	2001	2000
	£	£
Bank loans and overdrafts	193,689	-
Trade creditors	59,082	58,498
Amounts owed to group undertakings	1,293,556	1,051,820
Other creditors	117,772	117,689
Accruals and deferred income	260,855	222,593
	<u>£ 1,924,954</u>	<u>£ 1,450,600</u>

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southerly Anchor) Limited.

NOTES TO THE ABBREVIATED ACCOUNTS  
For the year ended 31 December 2001

10. DEFERRED TAXATION

	2001 £	2000 £
At 1 January 2001	14,439	-
Charge for the year	-	14,439
At 31 December 2001	<u>£ 14,439</u>	<u>£ 14,439</u>

The provision for deferred taxation and the amounts not provided are as follows:

	Amounts provided	Amounts not provided	Amounts provided	Amounts not provided
	2001 £	2001 £	2000 £	2000 £
Accelerated capital allowances	<u>14,439</u>	<u>-</u>	<u>14,439</u>	<u>-</u>

11. SHARE CAPITAL

	2001 £	2000 £
Authorised		
2,000,000 Ordinary shares of £1 each	<u>£ 2,000,000</u>	<u>£ 2,000,000</u>
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>

12. RESERVES

	£
Profit and loss account	
At 1 January 2001	(340,797)
Prior year adjustment (note 13)	83,882
At 1 January 2001 as restated	<u>(256,915)</u>
At 31 December 2001	<u>£ (256,915)</u>

13. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the restatement of fixed asset additions and depreciation charges relating to earlier years.

NOTES TO THE ABBREVIATED ACCOUNTS  
For the year ended 31 December 2001

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the year	-	-
	-	-
Opening shareholders' funds	6,093,085	6,093,085
Closing shareholders' funds	£ 6,093,085	£ 6,093,085

15. NET CASH FLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit/(loss)	66,065	(42,942)
Depreciation of tangible fixed assets	229,635	200,039
Loss on disposal of tangible fixed assets	39,387	23,953
(Increase)/decrease in stocks	(221,931)	167,508
(Increase)/decrease in debtors	(643,947)	358,985
Decrease/(increase) in amounts owed by group undertakings	144,180	(37,965)
Increase/(decrease) in creditors	38,929	(143,770)
Increase/(decrease) in amounts owed to group undertakings	241,736	(277,628)
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	£ (105,946)	£ 248,180

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2001 £	2000 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 45,466	£ 75,180
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(482,022)	(395,184)
Sale of tangible fixed assets	28,140	115,000
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (453,882)	£ (280,184)



NOTES TO THE ABBREVIATED ACCOUNTS  
For the year ended 31 December 2001

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2001 £	Cash flow £	Other non-cash changes £	31 December 2001 £
Cash at bank and in hand:	433,649	(432,204)	-	1,445
Bank overdraft	-	(193,689)	-	(193,689)
<b>NET FUNDS/(DEBT)</b>	<b>£ 433,649</b>	<b>£ (625,893)</b>	<b>£ -</b>	<b>£ (192,244)</b>

18. CAPITAL COMMITMENTS

At 31 December 2001 the company had capital commitments as follows:

	2001 £	2000 £
Contracted for but not provided in these financial statements	£ -	£ 161,400

19. PENSION COMMITMENTS

The company operates a defined benefit pension scheme. However, the scheme is a multiple employer scheme and the company is unable to identify its share of the underlying assets and liabilities. As at 31 December 2001, there was a deficit in the scheme of £1,463,000. The contribution rate required to fund the benefits earned is 17.1% (compared with 17.8 % at the date of the 1998 actuarial valuation). The shortfall requires additional funding and based on a period of 10 years, an additional contribution would be required of 3.2% of pensionable earnings. These proposed rates are anticipated to be adequate to meet the minimum funding requirement criteria.

20. OPERATING LEASE COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2001 £	2000 £	Other 2001 £	2000 £
Expiry date:				
Within 1 year	282,860	282,860	-	20,645

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2001

**21. RELATED PARTY TRANSACTIONS**

During the normal courses of business, the company carried out arm length transactions with various related parties as follows :

a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord;

	2001	2000
	£	£
Charitable covenant payable	111,531	32,238
Rent payable	282,860	319,610
Management fees receivable	50,000	46,610
Creditor balance as at 31 December 2001	<u>1,198,921</u>	<u>1,051,820</u>

b) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

	2001	2000
	£	£
Management fees receivable	80,641	48,220
Creditor balance as at 31 December 2001(debtor in 2000)	<u>(94,635)</u>	<u>150,031</u>

c) Farmspeed (Southery Anchor) Limited, a 100% subsidiary of the company;

	2001	2000
	£	£
Management fees receivable	67,827	60,373
Debtor balance as at 31 December 2001	<u>157,066</u>	<u>151,215</u>

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.